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# REVIEW OF INTERNATIONAL SUPPORT TO ECDC: EXPERIENCES OF DEVELOPED AND DEVELOPING COUNTRIES, THEIR PROBLEMS AND PROSPECTS

## Review and Analysis of the Development Objectives and External Assistance Requirements of ECDC Participants

Report by the UNCTAD secretariat

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## INTRODUCTION

1. The Standing Committee on Economic Cooperation among Developing Countries, at its first session (11-15 January 1993) established its work programme which, inter alia, made provision for regular consultations to be arranged "for a pragmatic policy dialogue among the donor community, subregional, regional and interregional groupings as well as participants in ECDC programmes and projects with a view, in particular, to mobilizing support for designing and implementing regional initiatives, interregional activities and networking of integration and cooperation schemes" (Report of the Standing Committee on Economic Cooperation among Developing Countries on its first session (TD/B/39(2)/16)). For this purpose, the Standing Committee agreed that an Intergovernmental Group of Experts should be convened.

2. The pragmatic policy dialogue referred to above is intended, inter alia, to provide an opportunity for participants in ECDC programmes and projects, including regional, subregional and interregional groupings, to inform the international donor community of their short- and long-term development objectives and external assistance needs. It is hoped that by drawing on this information and studies by the UNCTAD secretariat and other relevant organizations, prospects for improving the assistance programmes may be identified. Furthermore, the dialogue will enable the international community to: (a) identify programmes and projects as well as measures for international support to economic, technical and other forms of cooperation among developing countries; and (b) explore new potentials for cooperation among developing countries and with other interested countries or their groupings.

3. Traditionally, the development assistance programmes of donors have, by and large, been focused on national projects rather than the ECDC entities. The current work in relation to the Intergovernmental Group of Experts is not intended to supplant or question the highly constructive role of the traditional approach which has its own rationale, dynamics and priorities. It is only intended to emphasize that there are several national projects and programmes, that are either closely linked with regional realities and perspectives or whose optimum advantage is achieved only when their regional dimensions are fully exploited. Thus, in the industrial sector, the regional dimensions are at times needed to achieve economies of scale in large-scale projects; in the area of transport and communications (road, rail, telecommunications, aviation) by interfacing the national infrastructures with the regional needs and realities; in environmental matters by drawing up jointly agreed regional programmes and standards; and in other areas by appropriately maximizing the advantages of national resource endowments and complementarities. In fact, certain projects, like those on environment and communications, have to be seen in their regional perspectives from their very inception, in the interest of their long-term effectiveness.

4. The following report presents information based both on replies sent by ECDC participants from all three developing regions to the UNCTAD secretariat and on information available within UNCTAD itself. The first chapter reviews the development objectives of ECDC participants, the ECDC programmes and projects for which resources have to be mobilized that exceed the existing capacities of the ECDC participants, as well as the experience of ECDC

participants in enlisting external support. The development programmes and projects are discussed without ab initio prioritization. However, it goes without saying that there are ECDC entities and projects whose resource needs deserve priority attention. In that context the needs of ECDC entities in Africa and those with a preponderance of least developed countries or involving developing economies in transition have a degree of precedence over the others. Similarly, some projects by their very nature (such as those concerning the environment) might have a special urgency and thus warrant upgrading as candidates for assistance.

5. Chapter II presents a number of findings and conclusions emerging from the review to facilitate the work of the Intergovernmental Group of Experts which, in keeping with its mandate, is called upon to consider the relevant development assistance requirements as set out in the report. It is also expected that the discussions in the Intergovernmental Group of Experts will provide a point of reference for the subsequent allocation of resources within the framework of the appropriate donor-recipient mechanisms already in existence. In so far as there are no mechanisms as yet for following up on the discussions of the Intergovernmental Group of Experts, it is expected that the Intergovernmental Group of Experts will consider and recommend the modalities and procedures for pursuing this dialogue at the appropriate working levels.

## Chapter I

## OBJECTIVES, PROGRAMMES AND EXTERNAL SUPPORT

### A. Arab Maghreb Union (UMA)

(Algeria, Libyan Arab Jamahiriya, Mauritania, Morocco, Tunisia)

#### 1. Objectives and programmes

6. With a view to strengthening cooperation and integration among its member States, UMA adopted a framework agreement on preferential trade which provides for the progressive creation of a customs union to facilitate free movement of persons and transfers of services, goods and capital among member States. The process is to be supported by the simultaneous development of integrated transport and communication networks, financial structures, food security, and subregional industrial capacities and complementarities.

7. Some UMA programmes and projects that have been carried out with international assistance included: (a) a grant of US$ 1.7 million from the Arab Fund for Economic and Social Development for the financing of an economic study on a Maghreb highway project; (b) a technical assistance project with the United Nations Development Programme (UNDP) of US$ 600,000 (cost-sharing) to finance a number of studies and a technical assistance project in support of the General Secretariat; (c) the organization of a seminar in October 1993 regarding ways and means of intensifying trade exchanges between Maghreb countries with financial support from UNDP (US$ 15,000) and the African Development Bank - AfDB (US$ 10,000); and (d) financing of US$ 100,000 by the Intergovernmental Negotiating Committee for a Convention to Combat Desertification (INCD) for a regional study on desertification. Other regional development activities for which external assistance is being solicited are mentioned in table 1 below.

#### 2. External support

8. Since UMA's creation in 1989, the UMA General Secretariat has established contacts with various multilateral donor organizations with a view to exploring the possibilities for their contribution to the realization of studies, programmes and projects approved by UMA. UMA's major cooperating partners are the United Nations and its specialized agencies (particularly UNDP), Islamic Development Bank, Arab Fund for Economic and Social Development, AfDB and the World Bank.

9. In the dialogue with its cooperating partners, UMA presents its development perspective by providing information on the progress achieved and difficulties encountered in building up the Union. UMA also conveys its views on development cooperation to its partners and seeks to obtain information on the necessary procedures to follow in requesting external assistance. Moreover, the UMA General Secretariat centralizes the projects proposed for financing and presents them to potential donors in the course of the dialogues conducted. The dialogues also provide an opportunity to monitor the follow-up work with donors and to intensify contacts with them. Overall, however, UMA's cooperation with the international community is still in its infancy and needs to be strengthened. UMA reported that one difficulty that has emerged from

its initial experience in this respect is the confusion that is often caused as to who is in charge of establishing cooperation agreements with the external partners – the UMA General Secretariat or the UMA member States.

**B. Economic Community of West African States (ECOWAS)**
(Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone, Togo)

1. Objectives and programmes

10. The principal aim of ECOWAS is to promote and ensure the economic and social development and integration of its member States through the creation of a customs union within 10 years from 1 January 1990, followed by the creation of an economic and monetary union in the next five years. Additional ECOWAS responsibilities embrace the harmonization of policies and promotion of regional projects in all the principal social and economic sectors, including transport, communications, agriculture and food self-sufficiency, industry, natural resources, energy, environment, information, social and cultural cooperation as well as political cooperation, regional security and immigration.

11. The ECOWAS Executive Secretariat has established various development programmes and projects conforming to ECOWAS objectives. Some of the activities, including studies and seminars, carried out with international aid are of an ongoing nature so that the continuation of external assistance is required (see table 1 below). These activities include:

(a) in the area of trade, customs and monetary cooperation: (i) installation of an automated system for the processing of customs data (ASYCUDA) for member States, and preparation of an ECOWAS customs nomenclature (with technical and financial support from France, the European Union and the United Kingdom); (ii) studies on the improvement of the West African Clearing House (financial and technical support from UNDP/UNCTAD); (iii) studies on monetary cooperation and trade liberalization (technical support from the World Bank and the International Monetary Fund - IMF); and (iv) promotion of trade among member States and preparation of an ECOWAS trade manual (financial aid of US$ 2.7 million from Italy and technical support from UNCTAD-ITC-GATT);

(b) in the industry sector: preparation of an industrial master plan (with financial and technical assistance from the UNDP and the United Nations Organization for Industrial Development - UNIDO);

(c) in the transport and communications sector: (i) study on cooperation and coordination in railway development, aircraft maintenance, training of airline personnel, harmonization of flight programmes, and development of hydroelectric energy and the interconnection of electricity networks (financial and technical support from UNDP and the United Nations Economic Commission for Africa - ECA);

(d) in the agriculture sector: (i) a master plan on desertification, fisheries and marine development, as well as food security (implemented with UNDP financial assistance of US$ 3.4 million, and technical assistance from the Food and Agriculture Organization of the United Nation - FAO); (ii) study on agricultural research (World Bank technical support); (iii) study on the harmonization of agricultural price policies (assistance of US$ 17,500 from FAO); (iv) study on combating desertification in West Africa (technical and financial support from the United Nations Environmental Programme - UNEP); (v) coordination of agricultural research in West Africa (technical and financial support of US$ 16,500 from the Canadian International Development Research Centre - IDRC); (vi) study on the development of the fisheries sector in West Africa (technical and financial assistance from the United States Agency for International Development - USAID); and

(e) other areas of cooperation: (i) combating floating weeds in the waterways and lagoon systems of some member States (with AfDB technical and financial support); (ii) development of a regional meteorological programme (with technical assistance from the World Meteorological Organization - WMO); (iii) installation of an ECOWAS data-processing centre with technical and financial assistance from Germany; (iv) technical training in the management of economic policies, projects and data processing with the support of UNDP (and technical assistance from ECA, World Bank and the Africa Institute for Economic Development and Planning - IDEP); (v) the preparation of a social security convention among ECOWAS States with technical support from the International Labour Office - ILO; and (vi) preparation of a Model Treaty on Mutual Assistance in Criminal Matters with technical assistance from the United Nations Office in Vienna (Crime Prevention and Criminal Justice Branch).

2. External support

12. With a view to accelerating the execution of its economic integration programmes against the backdrop of limited financial and technical resources within member States, ECOWAS has, since its inception, cooperated with several donor countries and multilateral financial institutions (referred to above). ECOWAS solicits external assistance to fill the gaps in the material, human and financial resources available locally for the promotion, execution and reinforcement of its development programmes and projects.

13. The machinery of consultation usually takes the form of cooperation agreements drawn up in accordance with the provisions of the ECOWAS Treaty, and submitted to the Community's decision-making bodies for approval. These cooperation agreements are then provided to the development partner concerned and, after mutual discussion, they are concluded and signed. The implementation of the cooperation agreements is monitored through regular consultations at the request of either party by means of visits or frequent meetings between the two parties in question. These consultations are concerned, in particular, with the follow-up to the implementation of the cooperation programme; the updating, as necessary, of the particular cooperation agreement under discussion; the identification of the technical assistance required to implement various activities; the search for means of financing these activities; and the exchange of data and documents. The cooperating agreements may be amended by mutual consent.

14. In terms of bilateral assistance, ECOWAS has cooperated with Canada, France, Germany, Italy, the United Kingdom and the United States. As regards multilateral assistance, ECOWAS has cooperated with the United Nations and its specialized agencies and bodies (particularly UNDP), the European Union (European Development Fund and European Investment Bank), the World Bank, the IMF, the AfDB and the Commonwealth Secretariat.

15. In addition to cooperation agreements, ECOWAS inaugurated the organization of donor conferences in 1992. Following a joint mission by the ECOWAS Executive Secretariat and the ECOWAS Fund to Europe and North America in May and June 1992 to generate interest in ECOWAS and its cooperation programme ahd to introduce projects to prospective donors, a donors' conference for the mobilization of resources was organized in July 1992 at Dakar (Senegal). At that meeting, several donors expressed considerable interest in the ECOWAS road transportation and rural water supply projects. A second donor conference was organized in March 1993 at Cotonou (Benin).

16. The ECOWAS Executive Secretariat reported that ECOWAS has encountered various obstacles and problems in its search for increased and efficient cooperation with its external development partners. These difficulties could be summed up as follows:

(a) Donor-related: (i) generally speaking, donors lack a genuine understanding of the development role of economic integration. Thus, they have tended to prefer financing national rather than regional projects. Financial assistance for ECOWAS regional projects is very weak; (ii) donors do not share a common development assistance policy. They intervene on a case-by-case basis and lack a central structure for the coordination of the assistance they provided. This method often results in the channelling of aid into different projects with the same aims, and therefore leads to a duplication of efforts and wastage of resources; (iii) the ponderous bureaucratic procedures of aid agencies result in delays in the release of funds and recruitment of experts. In this respect, it has been found that in some donors the decision-making centres are scattered or dispersed in the operational departments of the aid agencies. In some cases, there is no one person responsible for the project; and (iv) the disbursement procedures of aid agencies do not allow ECOWAS to have direct access to the funds, which makes it impossible for ECOWAS to know exactly what sums are being disbursed to it;

(b) Internal difficulties: the multiplicity of intergovernmental organizations in West Africa (exceeding some 40 major organizations) does not encourage dialogue with the donor community. Each intergovernmental organization approaches the donors with a mandate from its decision-making bodies to request external assistance. There is no regional structure in West Africa with a collective mandate to coordinate and discuss a regional development assistance programme with donors. ECOWAS is in the process of seeking a mandate of this nature in order to have access to certain regional development funds; and

(c) Problems with executing agencies: (i) the technical assistance is often inappropriate to the West African context particularly in cases where the experts recruited lack sufficient expertise in the subject for which they have been engaged. Furthermore, experts coming from outside the ECOWAS region are, in some cases, unaware of the political realities and the socio-economic situation of ECOWAS member States individually and as a group. This problem has occurred as ECOWAS, in many cases, is not involved in the recruitment of experts; and (ii) sometimes the executing agency selected to implement projects pursues aims that are appropriate in terms of its mandates while ignoring the objectives of ECOWAS regional integration.

17. Accordingly, ECOWAS recommends that efforts be undertaken to: (a) sensitize the donor community to the development role of economic integration and the need for a common policy of external assistance; (b) increase financial assistance in favour of regional integration projects and adapt technical assistance to the regional political and socio-economic environment; and (c) enable ECOWAS to have direct access to aid funds. On its part, ECOWAS would support and encourage the ongoing process of the rationalization of intergovernmental organizations in West Africa.

## C. Mano River Union (MRU)

(Guinea, Liberia, Sierra Leone)

### 1. Objectives and programmes

18. MRU was established in 1973 with the objective of setting up a customs union. The Union also embarked on the development of complementary structures which covered such sectors as the coordination and harmonization of macroeconomic policies, and the development of certain basic infrastructures (hydroelectricity, roads, sea and air transportation and communications). Programmes were also formulated for agriculture (livestock, fisheries, forestry), industry, education, training and research.

19. In 1989, a civil war broke out in one of the member States (Liberia) which, among other things, diverted the attention of member States as well as donor agencies/Governments towards containing the war. The MRU Secretariat reported that recent developments seem to give cause for optimism, so it is necessary to establish the machinery for the determination of priorities and effective coordination and management of external aid for the post-war reconstruction effort. In this respect the MRU Secretariat proposes to convene a Workshop on this subject (see table 1 below, and annex IV).

### 2. External support

20. MRU has concentrated its relationships on intergovernmental organizations within its subregion such as ECOWAS. Nevertheless, in order to accelerate the realization of its programmes and projects, MRU has in the past received external assistance from regional and international organizations in the form of grants, scholarships and technical aid.

## D. Lake Chad Basin Commission (LCBC)
(Cameroon, Chad, Niger, Nigeria)

### 1. Objectives and programmes

21. The objectives of LCBC are to provide coordinating services for its member States and to undertake projects of a regional nature for the development and management of the resources of the Lake Chad Basin. The Commission's development projects include: (a) the planning and management of the water resources of the Lake Chad Basin (a UNDP-assisted project); (b) a study of the underground resources of the Lake Chad Basin (project assisted by the "Fond d'Aide et de la Coopération" of France); (c) a scheme for the development of sustainable hydro-agriculture in the Lake Chad Basin (FAO-assisted project); (d) the coordination of plant protection and livestock health services of member States; and (e) the demarcation of the international frontiers of the Lake Chad Basin. A project for which external support is being sought is described in table 1 below, and annex I.

### 2. External support

22. LCBC maintains periodic contacts with donor agencies and countries through visits and meetings. These consultations serve to generate donor interest in the activities of LCBC, to monitor the execution of ongoing projects and to mobilize financial assistance for new projects. The assistance received in the past has been in the form of multisectoral assistance to LCBC in support of the financing of its projects and its institutions. The Commission's development partners include the United Nations and its specialized bodies (UNDP, FAO, UNEP) as well as the World Bank and the AfDB.

## E. Organization for the Development and Management of the Kagera River Basin (OKB)
(Burundi, Rwanda, Uganda, United Republic of Tanzania)

### 1. Objectives and programmes

23. OKB coordinates the joint development and management of the resources of the Kagera Basin. In this respect, it has been promoting the development of a number of such regional projects as: (a) the construction of an 80 megawatt hydroelectric dam at Rusumo falls on the Rwanda-Tanzanian border to produce hydroelectricity and for irrigation purposes; (b) the construction of a 2,000-kilometre railway network between the four member countries; (c) a 914-kilometre road construction project; (d) establishment of telecommunications networks between member States; (e) the building of a regional documentation centre; and (f) the implementation of a tsetse fly control programme. These activities are mostly implemented with external support. Other areas in which further assistance is required are described in table 1 below.

### 2. External support

24. The development activities of OKB are implemented with the assistance of the international donor community. Such assistance is requested through the organization of round tables and bilateral consultations between OKB and

interested donors. OKB has organized two such round tables in the past (in 1979 in Paris and in 1982 in Geneva), and it plans to organize a third in 1994 in Brussels. The Organization also maintains direct contacts with donors for specific projects. The major bilateral donors to OKB are Austria, Belgium and Italy, while multilateral donors include the AfDB, and the United Nations and its specialized agencies and bodies (UNDP, ECA, UNESCO, UNEP).

**F. Preferential Trade Area for Eastern and Southern Africa (PTA)**
(Angola, Burundi, Comoros, Djibouti, Eritrea, Ethiopia, Kenya, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Rwanda, Seychelles, Somalia, Sudan, Swaziland, Uganda, United Republic of Tanzania, Zambia, Zimbabwe)

1. Objectives and programmes

25. PTA was established as a step towards the creation of a common market for eastern and southern Africa to assist member States in achieving their economic transformation, social advancement and sustainable growth and development. In January 1992, the PTA summit of Heads of State and Government adopted the "PTA Trade and Development Strategy: Market Integration and Economic Transformation for Sustainable Growth". This document evaluates past experiences, draws lessons from them and establishes sectoral programmes and projects for development in the 1990s. PTA plans to implement the PTA Trade and Development Strategy with financial resources (generally concessional financial and/or technical aid) mobilized internally and externally (see table 1 below, and annex II).

2. External support

26. PTA recognizes the fact that the responsibility for successful implementation of its programmes and projects rests with its member States. The assistance provided by the external donor agencies is meant to supplement the efforts of member States. However, the availability of internally generated resources is usually insufficient to implement PTA development programmes. Therefore, the continued commitment of donors is required in the short and medium term. In this connection, the PTA Secretariat itself has created a Technical Cooperation and Aid Coordination Unit as a full-time, central point responsible for communications with all cooperating partners. The Unit functions as the central clearing house for all projects and programmes leaving PTA for external financing. It also follows up all contacts with donor agencies and financial institutions.

27. PTA's development partners include multilateral and bilateral donors, the United Nations and its specialized agencies, international and regional development agencies and institutions, intergovernmental and non-governmental organizations. Consultations between PTA and its external development partners have covered, inter alia: specific areas in which PTA seeks assistance vis-à-vis the donors' area of interest; the nature and form of cooperation (financial, technical or other); modalities for the implementation and monitoring of the programmes supported; matters of policy and exchange of general information; exploration of possibilities for future long-term cooperation; conditionalities of cooperation; and economic and social implications with and without external cooperation.

28. The donor countries cooperating with PTA include Austria, Belgium, Canada, Denmark, Finland, France, Germany, Italy, Japan, Netherlands, Norway, Sweden, United Kingdom and the United States. These donors form an important source of funding for both national and regional programmes of PTA. Consequently, PTA seeks to strengthen bilateral relationships with donors through continued contact and constructive dialogues. These contacts are usually entered into directly between a particular donor and the PTA Secretariat acting on behalf of the member States. Either party can initiate such contacts but, more often than not, the PTA Secretariat makes the first contact. The purpose of these initial contacts is to establish specific areas in which cooperative arrangements can be mutually agreed upon on the basis of the operational rules of both parties. When a basic understanding has been established, PTA prepares a Framework for Cooperation between itself and the partner in question for discussion. Once this document has been finally accepted by both parties, a memorandum of understanding is signed by the highest authorized officials of both parties.

29. Following the establishment of a formal relationship with donors, they are invited to attend PTA policy organ meetings on an observer status. During such occasions, review meetings are held between PTA and individual donors present to assess progress in the cooperation arrangement. In addition, efforts are made by PTA to visit each partner's capital or head office, at least once a year, to review progress on matters of mutual interest. This affords PTA an opportunity to meet members of staff of the donors who are directly responsible for the various aspects of the cooperative arrangement on their side. In this way, the follow-up on specific issues is facilitated.

30. PTA applies the same approach to cooperation with interested multilateral development and financial institutions such as the United Nations and its specialized bodies (UNDP, ECA, UNCTAD, ITC, UNIDO, FAO); the AfDB; the World Bank; the European Union; the Commonwealth Secretariat; the Canadian International Development Research Centre (IDRC); and the Australian Centre for International Agricultural Research (ACIAR). In some cases, for example that of the European Union, arrangements are made to allow the partner to establish a desk office within the PTA Secretariat as a first-hand source of information and an immediate contact point. This approach has proved useful in facilitating speedy contacts with the donor concerned and has helped to streamline follow-up and monitoring time.

31. In addition to cooperation agreements, the PTA Heads of State and Government meeting in November 1993 directed that a donor conference be organized in 1994. An objective of this exercise is to seek financial support from the international community in connection with the implementation of the sectoral cooperation programmes established in the "PTA Trade and Development Strategy" mentioned earlier.

32. The PTA Secretariat reported that cooperation with donors has allowed PTA to communicate its objectives, strategies and programmes to a wider audience. Donor countries have started to understand the objectives and strategies of PTA and are showing increased willingness to finance the implementation of PTA development programmes. Also, most multilateral donors that did not have an official policy on regional integration have started to recognize PTA as one of the institutions they can cooperate with. For example, PTA has now established a framework for cooperation with the World Bank, a feat which was

not possible two years ago. Even more important is the increased flow of extra-budgetary resources from the donor community for the financing of PTA programmes in recent years.

33. The PTA Secretariat also reported that the biggest difficulties that PTA encountered when negotiating with partners have been the conditionalities and ties attached to most foreign financing. In most cases, these result in delays on disbursements. One such problem is the reconciliation of donor demands with the interests of member States. Some donors will tie their assistance to policy changes that, in the first instance, require ample time to effect. If a donor is not flexible enough, this has resulted in the total cessation of the flow of donor funds to the member States, leading to serious economic disruptions and delays in the implementation of ongoing programmes. Another problem has to do with the reluctance of many donors to designate the PTA Secretariat as an implementing agency. Coupled with this is the reluctance of most donors to relax the rules regarding the award of contracts to local firms. In the case of implementation, PTA has had to pay administrative fees to the agencies involved using the very funds meant for a project. In the case of contracts, this has resulted in large sums being spent in the country of origin of the funds, with very little multiplier effect in the beneficiary country itself. Indeed, some donors insist, as a condition for assistance, on the procurement of goods and services in the country of origin of the funds. In this case, PTA member States have to employ vehicles and equipment of varied makes making project maintenance a very difficult task and, more often than not, leading to discontinuity after the donor funds have been exhausted.

## G. Southern African Development Community (SADC)
(Angola, Botswana, Lesotho, Malawi, Mozambique, Namibia, Swaziland, United Republic of Tanzania, Zambia, Zimbabwe)

### 1. Objectives and programmes

34. The primary objective of SADC is to promote and strengthen deeper economic cooperation and integration among its member States, especially by way of implementing the SADC Programme of Action. The Programme has sectoral programmes (and corresponding projects) which relate to: culture and information; energy; agriculture and training; inland fisheries, forestry and wildlife; food security; livestock production and animal disease control; environment and land management; marine fisheries and resources; industry and trade; human resources development; mining; tourism; and transport and communications. The Programme of Action is implemented with financial and technical assistance mobilized from member States and from SADC's development partners (see table 1 below, and annex III).

### 2. External support

35. The need for cooperation with "international cooperating partners" was recognized, accepted and provided for in the Lusaka Declaration, which launched the formation of the Southern African Development Conference (the predecessor of SADC). The Lusaka Declaration emphasized the active involvement of SADC's development partners in the following manner: "International bodies and States outside Southern Africa are therefore invited to cooperate in implementing programmes towards economic liberation and

development in the region". The development partners thus are not merely passive providers of financial and other assistance; their involvement in SADC's regional development extends also to evaluating, developing and implementing regional programmes and projects.

36. SADC's international cooperating partners consist of Australia, Austria, Belgium, Canada, Finland, France, Germany, Greece, Ireland, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, United Kingdom and United States. The main mechanism for dialogue between SADC and its cooperating partners is the Annual Consultative Conference, which has been taking place since November 1980. The Conference, as the Lusaka Declaration states, "will provide a mechanism for surveying results, evaluating performances, identifying strengths and weakness and agreeing on future plans". SADC considers the participation of its cooperating partners in the planning stages essential for the avoidance of conflicts that may arise later in the implementation stages.

37. At the annual Conference, cooperating partners are updated on progress in regional cooperation; projects are presented for their support (financial, technical and other); and problems and bottlenecks are remedied. It is a forum for frank discussion and the exchange of information and views. The format of the Conference is flexible, providing for plenary sessions and sectoral working groups, but the aim is to maintain a constant dialogue between the two parties. Development partners often formally pledge financial assistance for SADC projects during these annual Conferences.

38. The 1994 SADC Annual Conference took place at Gaborone (Botswana) in January 1994. It was attended by a large number of donor Governments and international organizations, in addition to the SADC member States. The Conference, inter alia, commended international cooperating partners for their continued support to SADC and acknowledged in particular the substantial assistance received in the past in support of the SADC Programme of Action (see annex III). However, the Conference stated that procedural and coordination problems still existed which hampered cooperation between SADC and its partners. It further expressed in this connection that SADC should be assisted to develop adequate institutional capacity for efficient implementation of its Programme of Action.

## H. Latin American Integration Association (ALADI)
(Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Mexico, Paraguay, Peru, Uruguay, Venezuela)

### 1. Objectives and programmes

39. The objectives of ALADI are to increase trade among member countries and promote economic integration with a view to contributing to their economic and social development. To this end the General Secretariat of ALADI has undertaken various trade-related development activities in cooperation with other regional and international organizations. Thus, for example, with the support of UNDP, ALADI has been implementing an ongoing multisectoral project covering various modules, namely, trade promotion, economic complementarity, financial cooperation, cooperation in transport, projects of interest to

countries that are relatively less developed from the economic standpoint, science and technology and frontier integration, and technical cooperation and institutional coordination. UNDP's contribution to the whole project is US$ 285,000.

40. Other ALADI sectoral programmes that are carried out with international support include cooperation with: (a) UNCTAD in various areas including the exchange of information and dissemination of respective databases; (b) FAO on agricultural development including regional food security (with funds from the Government of Norway); (c) the ILO regarding the activities of the Labour Advisory Council; (d) the World Intellectual Property Organization on activities related to industrial property and information; (e) the Customs Cooperation Council on activities concerning customs valuation and the harmonized tariff nomenclature system; (f) the European Union on various activities; (g) the Inter-American Development Bank as in respect of a non-repayable contribution of US$ 290,000 for the development of the General Secretariat's information systems; and (h) a financial contribution from the Pérez Guerrero Fund (Group of 77) of US$ 121,144 regarding the promotion of exports of countries that are relatively less developed from the economic standpoint (the project was concluded in late October 1992). Some third-country organizations have made financial contributions to ALADI development activities, such as the German Foundation for International Development (DSE) regarding financial and monetary activities.

2. External support

41. The General Secretariat of ALADI, responding to the growing importance of external cooperation for its work, decided to establish an External Technical Cooperation Department. The department was created specifically to deal with relations with the cooperating developed countries and donor agencies, to formulate and manage the corresponding cooperation programmes and projects, and to undertake their follow-up and evaluation.

42. The External Technical Cooperation Department, operating since April 1993, has launched several initiatives. It organized in late 1993 a mission to establish contacts with and mobilize support from government authorities and cooperation agencies in the United States and Canada and international organizations based in these countries. Contacts were established with the World Bank, IMF, the Canadian Cooperation Agency (CIDA) and the Governments of the United States and Canada, together with renewed contacts with the Organization of American States, Inter-American Development Bank and UNDP. A similar mission to Europe was envisaged. These missions fall within the ambit of ALADI's policy of developing direct contacts with its partners and, as far as possible, through senior bodies of the relevant agencies as an initial means of reactivating contacts, establishing new links and creating necessary conditions for the development of new cooperation programmes.

43. In view of the multiplicity of development organizations in the region, the ALADI General Secretariat with other regional and specialized organizations have for a very long time, been holding periodic general and sectoral meetings on cooperation, coordination and joint action with a view to avoiding the risk of duplication of effort and inter-agency suspicion and rivalry in seeking external support. This covers cooperation and coordination

activities and relations, including execution of economic studies, exchange of information and project design and implementation (for details see report of the ALADI Secretariat entitled "Cooperación y Coordinación entre la Secretaría General de la ALADI y los Organismos Regionales y Especializados" (ALADI/SEC/dt.323/Rev.1, 4 November 1992)).

44. The only difficulties in external cooperation that have emerged, from ALADI's viewpoint, are: (a) the lack of information about ALADI's objectives and activities on the part of some development partners which inhibits ALADI's efforts to develop relations and achieve results by that means; and (b) the incomplete information available concerning development agencies and institutions and their objectives and courses of action, which has limited ALADI's ability to negotiate cooperation agreements with them.

## I. Andean Group
(Bolivia, Colombia, Ecuador, Peru, Venezuela)

### 1. Objectives and programmes

45. The Andean Group seeks to consolidate the Andean economic space within the ambit of the gradual shaping of a Latin American common market, and to improve the articulation of the Andean Group at the global level. To this end, in December 1989, the Presidents of the member States adopted the "Strategic Design for the Orientation of the Andean Group" with related programmes and measures for action during the 1990s.

46. In addition, the Andean Group undertakes various activities within the framework of cooperation programmes established with interested external partners. These programmes cover, for example: (a) technical cooperation in accelerating the process of integration such as reactivation of trade, support for the subregional programme of science and technology, integration and development studies, and a database for Andean legislation on subregional integration; (b) technical assistance in establishing a common external tariff; (c) support for the process of commercial integration of the Andean Group; (d) Andean export promotion; (e) Andean statistical training; (f) Andean energy cooperation; (h) economic cooperation with Japan; and cooperation relations with the United States; and (i) the strengthening of agriculture and industrial activity, that is the reactivation of the farm sector and food security, and of the industrial sector and harmonization of legislation.

### 2. External support

47. The mobilization of external support for the Andean Group is conducted by the Board of the Cartagena Agreement which is the executive arm of the organization. Within the Board, a Technical Cooperation Unit has been established with responsibility for coordinating the programme of cooperation, resource requirements, relevant negotiations and control of the management of resources obtained. In its capacity as an independent international body, the Board maintains a direct dialogue with donor agencies interested in cooperation with the Andean Group. The Board signs agreements, contracts or cooperation accords with donors, depending on the cooperating partner and the subject concerned. To the extent possible, the Board attempts to conclude multi-year agreements with its cooperating partners. It has not encountered

major obstacles in its cooperation with interested external partners, except that occasionally the delay in the approval of programmes and projects by donor agencies has rendered them somewhat out of date.

48. The external assistance requested by the Andean Group for the implementation of integration programmes is generally non-reimbursable financial aid and technical assistance. These are used to finance and support such projects as consultancies, seminars, technical and managerial meetings and dissemination activities. The development partners with which the Board maintains cooperation agreements that are in force are the European Union, the Inter-American Development Bank and UNDP. The Board has also signed cooperation agreements with agencies in developed countries such as IDRC in Canada and GTZ (Gesellschaft für Technische Zusammenarbeit GmbH - the Technical Cooperation Company Ltd.) in Germany. The agreements concluded with cooperating agencies make provision for evaluations and periodic coordination meetings. Within this framework, the progress made by programmes is analysed, programmes are adjusted to the requirements of the integration process, and further cooperation activities are proposed.

## J. South Asian Association for Regional Cooperation (SAARC)
(Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, Sri Lanka)

### 1. Objectives and programmes

49. SAARC aims at promoting closer cooperation and integration among member States by means of joint collaboration in the economic, social, cultural, technical and scientific fields. SAARC's development programmes and projects are established in its Integration Programme of Action encompassing the following sectors: agriculture, education and culture, environment, health and population activities, meteorology, prevention of drug trafficking and drug abuse, rural development, science and technology, communications, tourism, transport, women in development and trade, and poverty alleviation.

### 2. External support

50. In September 1993, a SAARC-Japan Special Fund was established through a memorandum signed by the SAARC Secretary-General and Ambassador of Japan in Kathmandu (Nepal). Established with contributions of the Government of Japan amounting to US$ 300,000 for the year 1993-1994, the fund consists of two components intended to finance respectively selected SAARC activities and intellectual exchanges between SAARC member States and Japan. In addition, in October 1993, SAARC representatives paid a visit to the European Union where the two parties examined areas in which the European Union could provide support for SAARC institutions and activities.

## K. Economic Cooperation Organization (ECO)
(Afghanistan, Azerbaijan, Islamic Republic of Iran, Kazakhstan, Kyrgyzstan, Pakistan, Tajikistan, Turkey, Turkmenistan, Uzbekistan)

### 1. Objectives and programmes

51. The major objective of ECO is to promote the expansion of trade and other socio-economic ties among member States. After the enlargement of its membership to include the newly independent Central Asian Republics,

ECO adopted several important programmes, including the Quetta Plan of Action, which serve as an umbrella for activities in the ECO region in the coming years. The Quetta Plan of Action establishes guidelines and targets to be achieved by or before the year 2000 in the fields of transport and communications, trade, energy, agriculture, tourism, human resources development and as regards the ECO Special Fund for Feasibility Studies (see table 1 below).

2. External support

52. The Treaty establishipg ECO provided that the ECO Secretariat, with a view to advancing the objectives of ECO, may initiate cooperation with third countries and regional and international organizations. Thus, for instance, the ECO Special Fund for Feasibility Studies was recently created with a subscribed contribution of US$ 300,000 from ECO founding members. The resources of the fund could be supplemented by assistance from the international community.

**L. South Pacific Forum (Forum)**
(Australia, Cook Islands, Federated States of Micronesia, Fiji, Kiribati, Marshall Islands, Nauru, New Zealand, Niue, Papua New Guinea, Western Samoa, Solomon Islands, Tonga, Tuvalu, Vanuatu)

1. Objectives and programmes

53. The general objective of the Forum is to discuss issues and problems directly affecting the daily lives of the people of the developing islands of the South Pacific, and formulate collective responses to these issues and problems. The responsibility for fostering cooperation among member States and implementing projects for their benefit is entrusted to the South Pacific Forum Secretariat. Accordingly, the Forum Secretariat has established clearly-defined policies and programmes in various fields, namely, energy, telecommunications, trade and investment, maritime matters, civil aviation, economic development, legal and political issues, administration, planning and evaluation and finance.

54. Programme areas for which external assistance is required are mentioned in table 1 below. By way of illustration, the Forum Secretariat's development programmes and activities are funded by extrabudgetary grants (in the form of grant assistance or technical assistance) from a variety of aid-donor sources. In 1992, total development assistance received amounted to about F$ 7 million which was provided by Australia (47.4 per cent), New Zealand (13.2 per cent), Japan (8.4 per cent), European Union (9.3 per cent), UNDP (0.4 per cent), Canada (1.6 per cent), UNDP-Japan Trust Fund (1.2 per cent), CFTC (0.6 per cent), USAID (1.3 per cent), France (3.7 per cent), Papua New Guinea (2.3 per cent), Fiji (0.7 per cent), private Japanese donors (8.7 per cent) and miscellaneous (0.9 per cent). Australia, New Zealand, Fiji and Papua New Guinea's development assistance is in addition to their membership contributions as members of the South Pacific Forum.

2. External support

55. Since the inception of the Forum Secretariat, it has cooperated on a bilateral basis with interested developed countries, especially those with close political ties in the subregion, and multilateral financial institutions in the implementation of its development programmes. The core of the bilateral development assistance cooperation with interested donors involves financial and technical assistance from the latter for the establishment and upgrading of the social and economic infrastructure in the developing island countries of the Forum. Accordingly, the Forum Secretariat maintains regular contacts with these donors through visits for purposes of consultation, meetings of various committees, an annual aid discussion with donors and other consultative meetings. In addition, the Forum Secretariat has coordinating responsibilities for European Union-funded regional programmes under the Lomé conventions. Thus, an ACP/European Union Unit was established to oversee the development and implementation of the Lomé IV Pacific regional programme. The Unit also facilitates consultations between the European Union and the Pacific ACP countries.

56. In 1989, the Forum island countries launched the "Post-Forum Dialogue Partners Meeting". The Meeting takes place between the Forum island countries and their seven major development partners, namely, Australia and New Zealand, the two traditional aid donors, and Canada, China, the European Union, France, Japan, the United Kingdom and the United States. The dialogue Meetings are held immediately after the annual South Pacific Forum summits and are conducted at ministerial level. The main objective of the "Post-Forum Dialogue" is to establish a policy framework on issues of common interest to both sides and to advance the achievement of the objectives of the Forum. The dialogues also provide a very useful opportunity to explain the Forum's views, especially that of the island developing countries, to its development partners. These dialogues deal with issues related to economic development, including development assistance, international trade policy developments and trade and investment flows; political and regional security; and environmental issues.

57. In addition, the Forum island developing countries hold consultations with the wider international community through the "Pacific Island Countries/Development Partners Meeting". This consultative mechanism was instituted to create a greater awareness of key issues affecting economic development in the subregion and, through dialogue, to undertake effective aid consultations and seek to identify practical measures for improving aid delivery and investment, as well as to maximize resource utilization. The first dialogue Meeting was held in February 1991, the second in March 1992 and the third in April 1993. In these Meetings, the Forum island developing countries hold discussions with all interested external development partners, including countries and institutions.

58. The Forum Secretariat reported that, generally speaking, cooperation with interested external development partners has been beneficial to the island developing countries. Such cooperation has facilitated the building of relationships and of cooperation with a number of developed countries; an increased understanding of the development partners' policies and interests (as well as the latter's appreciation of Forum island developing countries' policies and interests); increased collaboration between the two parties in

regional development programmes and projects, including greater provision of resources by donors to the Forum island developing countries; agreement on mutually acceptable priorities and policies on the basis of a better understanding of each other's policies and priorities; and considering recommendations for improving aid delivery and other development cooperation.

59. The Forum Secretariat pointed out that Forum island developing countries often have different policies and views so that issues discussed at the regional level may at times appear inappropriate at the country level. Thus, there should be more coordination in terms of undertaking country-level discussion/follow-up following regional discussions. In respect of development partners, the different procedures/systems of donor assistance often become too cumbersome for the developing countries to comply with. Moreover, when policies and interests of donors do not match the requirements of the Forum island developing countries, there are often delays in aid delivery.

## M. Association of South-East Asian Nations (ASEAN)

(Brunei Darussalem, Indonesia, Malaysia, the Philippines, Singapore, Thailand)

### 1. Objectives and programmes

60. ASEAN was created with a view to accelerating the economic growth of member States and increasing the stability of the subregion. Accordingly, ASEAN has established a number of cooperation programmes relating to the economic, social, cultural, technical, scientific and administrative fields; education, professional and vocational training; agriculture and industry; and transport and communications. In addition, ASEAN promotes active joint collaboration in regional peace and stability, and cooperation with international and regional organizations. Some of the activities within these cooperation sectors are carried out with international financial and technical support.

### 2. External support

61. ASEAN's cooperation with its development partners has been a major feature of its programme of work since the early 1970s. In January 1992, the Heads of State and Government of ASEAN countries adopted the "Singapore Declaration" in which they agreed, inter alia, to intensify cooperative relationships with their Dialogue partners, namely, Australia, Canada, the European Union, Japan, New Zealand, the Republic of Korea and the United States; as well as to engage in consultative relationships with interested non-Dialogue countries and international organizations.

62. Initially limited to the objective of gaining market access for ASEAN products in the markets of the developed countries, ASEAN's dialogues with its partners gradually came to serve as useful forums for discussion of international, regional and bilateral economic and non-economic issues. The subjects of the dialogues can be summed up as follows: the ASEAN-Australia dialogue centres on the improvement of trade and investment links; the ASEAN-Canada dialogue covers various fields including technology, fisheries and information systems; the ASEAN-European Union dialogue covers development aid, trade, training, science and technology and venture capital; the

ASEAN-Japan dialogue centres on trade, investment, technology transfer and development assistance, including the establishment of an ASEAN-Japan Development Fund in 1987; the ASEAN-New Zealand dialogue is focused on development cooperation; the ASEAN-United States dialogue is concerned with strengthening mutual economic relations and ties, especially through the promotion of private sector investment and trade cooperation via measures such as the ASEAN-US Private Investment and Trade Opportunities agreement of April 1990 involving financial assistance of US$ 13 million over a period of six years.

63. Consultations between ASEAN and its development partners are maintained and pursued through a system of complementary mechanisms, namely, country coordinatorships, ASEAN committees in third countries, and formal dialogues conducted at ministerial and senior official levels. The country coordinatorship involves the designation of an ASEAN member State as the coordinator for ASEAN's dialogue with a certain partner. The coordinatorship is rotated every three years, with the exception of the coordinator for UNDP which is permanently the ASEAN Secretariat. The rotation enables each ASEAN country and the dialogue partner to develop and deepen their mutual relationship.

64. ASEAN's committees in third countries are usually located in the capital cities of their individual dialogue partners specifically to follow-up on the dialogue process and hold consultative meetings with their host Governments. These committees are composed of the heads of diplomatic missions of ASEAN member States and keep in close consultation with host countries on the implementation of decisions taken at the formal ministerial dialogue meetings. There are ASEAN committees in Bonn, Brussels, Canberra, Geneva, London, Ottawa, Paris, Tokyo and Washington.

65. The formal dialogue meetings between ASEAN member States and their dialogue partners are conducted at ministerial and senior official levels. The ministerial meetings, which take place annually at the Post-Ministerial Conference, discuss policy matters relating to regional development and sometimes political cooperation as well. The senior officials meetings take place every 12 to 18 months and are devoted to reviewing the progress of cooperation between ASEAN and its development partners, and proposing measures for improving such cooperation. In addition, ASEAN encourages the private sector of ASEAN and dialogue partners to support the intergovernmental dialogue. Thus, business councils have been established between ASEAN and Australia, Canada, the European Union, Japan, New Zealand and the United States, respectively. These business councils are invited from time to time to meet government officials at the dialogue meetings.

Table 1

SOME ECDC PARTICIPANTS' DEVELOPMENT PROGRAMMES AND EXTERNAL ASSISTANCE REQUIREMENTS

| ECDC Participant | Development Programmes/Projects | External Assistance Requirements |
|---|---|---|
| Arab Maghreb Union | A 7,300-kilometre highway project; a transport project for linking Mauritania to the Maghrebian road system; a railway network from Sfax (Tunisia) through Rasjedir to Tripoli; the rehabilitation of train services linking Tunis to Casablanca and the creation of a "Train Maghrebian à Grande Vitesse" (TMGV); the development of the fibre optic industry; and a number of studies on Maghrebian monetary policies and policy harmonization. | Concessional financing for economic and/or feasibility studies; technical training for follow up and continued maintenance of project; and, preferably, public bilateral financing and technical assistance for the actual execution of the projects. |
| Economic Community of West African States | Programmes for, among other things, desertification, food security, transport linkages, improvement of the West African Clearing House, harmonization of monetary and fiscal policies, development of the fisheries sector, and trade liberalization. | Concessional financial and technical assistance to fill the gaps in material, human and financial resources available locally. |
| Mano River Union | Workshop on the determination of modalities and strategies for the reconstruction and rehabilitation of the war-affected areas in the Mano River Union subregion. | The organization of the Workshop is estimated to cost a total of US$ 162,388.80. Co-financing is requested to finance the organization of the Workshop (see annex IV for details). |
| Lake Chad Basin Commission | Master Plan for the development and environmentally sound management of the natural resources of the Lake Chad Basin. The master plan has 36 projects classified in order of priority. | Implementation of the Master Plan is estimated to require about US$ 85 million. LCBC plans to raise US$ 74.93 million from interested development partners, and the remaining US$ 10.344 million will be provided by LCBC (see annex I). |
| Organization for the Development and Management of the Kagera River Basin | Construction of an 80 megawatt hydroelectric dam at Rusumo falls on the Rwanda-Tanzanian border to produce hydroelectricity and irrigation; a 2,000-kilometre railway network between the four member countries; a 914-kilometre road construction project; a telecommunications network between member States; the building of a regional documentation centre; and a tsetse fly control programme. | Concessional financial and technical assistance for the development programmes and projects. |

Table 1 (continued)

| ECDC Participant | Development Programmes/Projects | External Assistance Requirements |
|---|---|---|
| Preferential Trade Area for Eastern and Southern Africa | The "PTA Trade and Development Strategy: Market Integration and Economic Transformation for Sustainable Growth", adopted in January 1992 by the PTA summit of Heads of State and Government. A specific project concerns the setting up of a PTA Reserve Fund. | An estimated US$ 7.48 billion is required over 10 years to finance the implementation of the "PTA Trade and Development Strategy". The resources are to be mobilized internally and from development partners. As regards the PTA Reserve Fund, the sum of UAPTA 50 million is being sought from the international community (see annex II). |
| Southern African Development Community | The SADC Programme of Action. | The SADC Programme of Action, in 1993, amounted to 480 projects with a total resource requirement of US$ 8.75 billion. The foreign component of the funding was estimated at US$ 7.60 billion and the local component at US$ 1.15 billion. A total of US$ 4.28 billion (49.0%) has been secured and US$ 0.63 billion under negotiation, leaving a funding gap of US$ 3.83 billion (see annex III). |
| Latin American Integration Association | Cooperation programmes with profiles of specific projects are drawn up from time to time and submitted to various development partners. | Support for the cooperation programmes drawn up by ALADI. |
| Economic Cooperation Organization | The Quetta Plan of Action establishes guidelines and targets to be achieved by or before the year 2000 in the fields of transport and communications, trade, energy, agriculture, tourism, human resources development and the establishment of an ECO Special Fund for Feasibility Studies. A specific proposal concerns a technical assistance programme for evolving subregional cooperation following the expansion of membership of ECO. | The technical assistance programme for developing cooperation among ECO countries is estimated to cost a total of US$ 2.194 million. The bulk of the financing is to cover the costs of studies, symposiums/workshops, conference facilities and reports. |
| South Pacific Forum | Comprehensive regional energy programme; Forum Maritime Programme; Forum Civil Aviation Programme; Forum Secretariat Fellowship Scheme; Small Island States Development Fund; Regional Disaster Relief Fund; regional telecommunications development; and activities related to export promotions/facilitation, and training and technical assistance for small- and medium-scale enterprises. | Concessional financial and technical assistance for programmes and projects, as well as contributions to the various funds maintained by the Forum Secretariat. |

## Chapter II

## FINDINGS AND CONCLUSIONS

66. The analytical review in the previous chapter of the development objectives and external assistance requirements of ECDC participants is by no means exhaustive. It could only be illustrative since this is the first exercise of its kind, which has been introduced only very recently within UNCTAD and in respect of which full information has not yet been made available. From the available information certain findings and conclusions emerge which are sufficiently thought provoking to facilitate the evolution of an improved donor-ECDC recipient relationship. None the less, it needs to be underscored that the findings are, by and large, specific to groupings and may not be wholly applicable to all situations. Also, given the paucity of information, there are undoubtedly several other phenomena and features existing in the donor-recipient relationship that it has not been possible to analyse.

67. First, different groupings adopt varying modalities and mechanisms for the realization of their developmental and integration objectives, which are ultimately directed at improving the social and economic welfare of their citizens. Groupings such as ECOWAS, ALADI and ECO have a multisectoral approach involving, inter alia, market integration, cooperation in production, physical infrastructures, and harmonization of monetary, financial and fiscal policies. Most of them also have additional responsibilities encompassing the promotion of social and cultural cooperation as well as political cooperation, regional security and immigration. Other groupings have their developmental efforts centred on a specific sector or area such as the Lake Chad Basin Commission (LCBC) and the Organization for Planning and Development of the Kagera Basin (OKB), which are organizations for the development of lake and river basins.

68. Second, most ECDC participants have, since their inception, received financial and technical assistance, both bilateral and multilateral. Since internally generated resources are often insufficient to implement ECDC development programmes, there is a strong case for international support to ECDC. To mobilize external support, the most common approach used by ECDC participants is through cooperation agreements. The parties to such agreements undertake regular consultations to monitor the design, execution and follow-up of cooperation programmes. Those cooperation efforts are generally supported by the secretariats of the relevant ECDC participants through operational units responsible for coordinating their external cooperation programmes. PTA, ALADI and the Andean Group fall in that category. In addition, some of the ECDC participants have from time to time organized missions to donor Governments and agencies to generate the latter's interest in and support for ECDC programmes and projects.

69. Another approach to the mobilization of external support favoured by a few ECDC participants consists of annual conferences, annual dialogue meetings and round tables with interested donors. Such an approach is utilized by ASEAN, SADC and the South Pacific Forum as these groupings have been particularly successful in their relationships with their external development partners. The regular consultations between donors and ECDC recipients have

improved the quality of development assistance policies, brought about closer working relationships and greater understanding of each other's policies and interests as well as facilitating the regular mobilization of external support.

70. The ASEAN Dialogue Relationship, the SADC Annual Conference and the South Pacific Forum's Post-Forum Dialogue Partners Meeting (as well as the Pacific Island Countries/Development Partners Meeting) provide a channel for these groupings to inform the donor community of their objectives, strategies and programmes on ECDC and to sensitize donors to the need to lend their support to those programmes. This facilitates the process of continuously mobilizing financial and other development support from the international donor community. Moreover, in these cases, the donors are not mere passive providers of financial support, their involvement also extends to the design and implementation of the ECDC activities and the monitoring of their beneficial impact. Thus, the dialogue becomes truly meaningful and conforms to the policy framework of a "Partnership in Development". Other ECDC participants such as ECOWAS and PTA are starting to apply this approach.

71. Third, the experiences of a majority of ECDC participants in cooperating with their respective development partners have brought to light a number of issues that need to be addressed. Some ECDC participants have stated that, in general, there is a lack of understanding in the donor community about the developmental role of economic integration. This may be because the traditional mind-set of donors and their institutional set-up are directed towards supporting national development programmes. Support for regional development is therefore largely on an ad hoc basis and is of a residual character. It thus appears that in the donor community there are no pre-established policies, announced allocations and disbursement procedures for ECDC programmes that could be activated by ECDC recipients. This absence of in-built systemic support for regional integration results in information gaps and policy distortions on development assistance. Some ECDC participants have expressed the view that in cases where donors intervene on an ad hoc basis with no central structure for coordination, the aid provided is often channelled into different projects with the same aims, thus resulting in a duplication of effort and wastage of resources.

72. In addition, ECDC participants have been critical of certain donor practices. For one thing, in situations where donor policies and interests do not match with the actual requirements of the ECDC participants, there are often delays in aid delivery. For another thing, heavy bureaucratic procedures of aid agencies sometimes delay the release of funds and recruitment of experts. Of greater importance is the fact that the practice of conditionalities and "tied-aid" type of situations leads to protracted negotiations and delays in disbursements of assistance and seriously harms the donor-ECDC recipient cooperation. The case of the PTA reveals the restrictions on the award of contracts to local firms, payment of administrative fees to the agencies in the donor's country, procurement of goods (including vehicles and equipment) and services from the donor's country. Such an approach leaves the recipient with little control over the utilization of its allocations. It may result in the squandering of resources which is disadvantageous to both donors and recipient groupings alike. So

while the donors' participation in the monitoring of the assistance programme is appreciated by the ECDC recipients, the donors' tendency to involve themselves in the implementation stages of the programmes/projects is not.

73. Among the ECDC recipients themselves, there is a general lack of established mechanisms and institutional structures vested with the responsibility and collective mandate to procure external assistance. This is the case, for example, of the Arab Maghreb Union (UMA), a recently established grouping, and the Mano River Union (MRU). There are also some reported instances, as in West Africa, where intergovernmental organizations and associations abound and the flow of development assistance leads to duplication and overlapping. Experience has shown that where there are established focal points on the ECDC recipient side for administering the development assistance, the chances of its misuse are minimized, if not altogether eliminated. The case of the Andean Group and the Preferential Trade Area for Eastern and Southern Africa (PTA), which only have Technical Cooperation Units and have not yet established a formalized well-structured ASEAN-type dialogue relationship, serves as a useful example, for coordinating development assistance. Both the Andean Board and the PTA have been able to improve their relations with the donor community and overcome some of the obstacles encountered.

74. Last, but not least, a factor not touched upon in the preceding analysis relates to the impact of the structural adjustment programmes (SAPs) on the integration process. Following the profound economic crisis of the early 1980s characterized by a debt crisis, serious macroeconomic disequilibria, inflation and economic stagnation, most developing countries were compelled to undertake structural adjustment measures. More often than not, those measures, largely "donor induced", did not take account of their integration objectives and commitments. Among the integration-related "casualties" of those structural adjustment programmes, the intra-group trade and regional trade liberalization schemes were foremost. Due to a general imposition or intensification of protectionist barriers against imports and extensive use of safeguard clauses on balance-of-payment grounds, the preferential tariffs of those schemes were mostly nullified. In the light of the experience acquired in the implementation of SAPs, including the impact on subregional/regional cooperation and integration, the initiators and advocates of the SAPs, the World Bank and IMF, as well as developing countries themselves have now come to realize the extent of the impact on the integration process and are taking steps to rectify it.

75. The Intergovernmental Group of Experts is expected to play a central and catalytic role in helping to define future donor-ECDC recipient relations as regards external support to ECDC. Past experiences and present requirements should be taken into account in establishing the most suitable guidelines, frameworks and modalities for fruitful cooperation in the future. The Intergovernmental Group of Experts, in keeping with its mandate, is expected to make recommendations to the Standing Committee on ECDC and, thereby, assist the latter "to identify the areas, including new ones, in which international organizations, and member States on a voluntary basis, through measures of support can facilitate specific economic cooperation programmes and projects

and thereby complement the efforts of developing countries to strengthen South-South trade and economic relations" (Terms of Reference: Standing Committee on Economic Cooperation among Developing Countries (TD/B/720)).

76. Accordingly, the Intergovernmental Group of Experts may consider the policy implications that could be derived from the above lessons and experiences and which touch, inter alia, upon the following themes:

(a) Supply-side reorientations in concepts and policies of development assistance to accommodate regional and ECDC dimensions;

(b) Systemic and institutional changes within the donors to provide automaticity and periodicity as well the elimination of ad hoc practices;

(c) Intra-donors, intra-recipients and donor-recipient coordination;

(d) Interrelationship and cross-referral of country/national development assistance programmes with integration/regional assistance programmes;

(e) Establishment of priorities: region-related such as sub-Saharan Africa, Middle East, Central Asian Republics, Indo-China, post-apartheid South Africa; country-related such as least developed countries, island developing countries and their groupings; sector-related such as "aid-worthy" priority sectors, for example, ecology and environment, poverty alleviation, infrastructure, and regional peace promotion;

(f) Review of mechanisms of development assistance programmes (bilateral, overall) including exchanges of experiences;

(g) Identification of regional financial institutions for channelling integration-related assistance;

(h) Designation of eligibility criteria for providing assistance to non-governmental ECDC/integration actors and civic groups; and

(i) Redefinition of aid methodologies to include integration-oriented programmes and priorities.

## ANNEXES

### I. LCBC Master Plan for the Development and Environmentally Sound Management of the Natural Resources of the Lake Chad Basin

The Executive Secretariat of the Lake Chad Basin Commission, with the assistance of UNEP, UNSO and FAO, finalized a Master Plan for the Development and Environmentally Sound Management of the Natural Resources of the Lake Chad Basin. The Master Plan has 36 projects classified in order of priority. The assistance which the Commission wishes to seek from its development partners for the execution of the Master Plan is estimated at US$ 85 million. The various projects, their duration of implementation and financial requirements are highlighted in the table below drawn from the Master Plan itself.

**Table 1**
**LCBC MASTER PLAN PROJECTS AND THEIR COSTS**

**(Costs in thousands of US dollars)**

| N° | Project Title | Duration | Donors | Counter-part | Total |
|---|---|---|---|---|---|
| 1 | Lake Chad integrated project | 2 years | 1 160 | 212 | 1 372 |
| 2 | Feasibility study on transfer of water to the Lake Chad basin | 18 months | 750 | 80 | 830 |
| 3 | Chari/Logone integrated project | 2 years | 1 345 | 242 | 1 587 |
| 4 | Komadougou-Yobé integrated project | 2 years | 948 | 194 | 1 142 |
| 5 | Bornou region basin integrated project | 4.5 years | 10 011 | 880 | 10 891 |
| 6 | Improvement of rain agriculture in the conventional basin | 3 months | 121 | 14 | 135 |
| 7 | Promotion of small-scale hydro-agricultural programmes | 1 year | 592 | 114 | 706 |
| 8 | Study on Mayo Kebbi | 2 years | 1 656 | 216 | 1 872 |
| 9 | Study on underground water | 4 years | 6 084 | 1 316 | 7 400 |
| 10 | Improvement of meteorological and hydrological networks of the Lake Chad basin | 2.5 years | 1 600 | 209 | 1 809 |
| 11 | Food security programme comprising irrigated agriculture, processing, preservation and storage | 6 months | 135 | 15 | 150 |
| 12 | Ecological and socio-economic evaluation of hydraulic and hydro-agricultural projects | 1 year | 741 | 100 | 841 |
| 13 | Comparative research programme on the management of hydrological basins | 3 years | 3 400 | 542 | 3 942 |
| 14 | Library for the whole basin | 2 years | 1 350 | 150 | 1 500 |
| 15 | Classification and management of humid grounds | 2 years | 1 600 | 370 | 1 970 |
| 16 | Ecological study project of the Waza Park | 3 years | 2 185 | 472 | 2 657 |

**Table 1 (continued)**

| No. | Project Title | Duration | Donors | Counter Part | Total |
|---|---|---|---|---|---|
| 17 | Project on the humid zones of Hadeji-Nguru | 3 years | 3 287 | 366 | 3 653 |
| 18 | Project on the humid zones of Sambissa | 2 years | 2 607 | 354 | 2 961 |
| 19 | International research centre for the integrated development and management of fishing in the Lake Chad basin | 4 years | 2 664 | 296 | 2 960 |
| 20 | Regional project for the conservation and development of a bovine race, Kouri, threatened by extinction | 5 years | 4 500 | 500 | 5 000 |
| 21 | Monitoring of natural resources and development activities in the conventional basin of Lake Chad | 5 years | 1 080 | 120 | 1 200 |
| 22 | Development study and harmonization of management codes for natural resources | 2 years | 509 | 88 | 597 |
| 23 | Lake Fitri biosphere reserve | 3 years | 1 345 | 269 | 1 614 |
| 24 | Lake Léré biosphere reserve | 3 years | 1 345 | 269 | 1 614 |
| 25 | Restoration of vegetation in the diagnosed basin of the North | 5 years | 10 800 | 1 200 | 12 000 |
| 26 | Research project for the development and restoration of vegetation in Lake Chad | 4 years | 4 500 | 500 | 5 000 |
| 27 | Education programme on environment in the whole of the basin | 2 years | 1 543 | 234 | 1 777 |
| 28 | Strengthening of the Ngala regional school for agricultural training | 2 years | 1 800 | 200 | 2 000 |
| 29 | Early warning systems | 2 years | 1 179 | 131 | 1 310 |
| 30 | Strengthening of institutional mechanisms and coordination between countries members of LCBC | 1 year | 360 | 40 | 400 |
| 31 | Communications by microwave in the whole of the basin | 1 year | 359 | 241 | 600 |
| 32 | Transport networks in the whole of the basin | 18 months | 1 350 | 150 | 1 500 |
| 33 | Protection of fauna species threatened by extinction | 12 months | 450 | 50 | 500 |
| 34 | Study on possibilities for the development of small industries in the Lake Chad basin | 6 months | 180 | 20 | 200 |
| 35 | Utilization of sullage for agriculture and pollution control | 2.5 years | 1 144 | 160 | 1 304 |
| 36 | Development of tourism | 6 months | 250 | 30 | 280 |
| | **Total** | | **74 930** | **10 344** | **85 274** |

## II. PTA Trade and Development Strategy: Market Integration and Economic Transformation for Sustainable Growth

The "PTA Trade and Development Strategy: Market Integration and Economic Transformation for Sustainable Growth", adopted in January 1992, estimates that resources of not less than US$ 7,480 million will be required over a period of 10 years for its implementation. This amount, to be mobilized both from within the subregion as well as from donor agencies and the private sector, is broken down into the following sectoral estimates which are approximate indicative planning figures:

(a) US$ 150 million over five years to support market integration programmes;

(b) US$ 1.4 billion over 10 years in the form of equity participation, loans and grants to be directed towards strengthening monetary and financial cooperation;

(c) US$ 1.3 billion as initial investment over 5 to 10 years to be directed towards rehabilitation and upgrading selected national industries especially agro-based industries with promising export potential;

(d) allocation by member States of a minimum of 30 per cent of public investment towards the agricultural sector development. In addition, an estimated US$ 1.6 billion in private investments and other resources such as loans and grants is required over 5 to 10 years for food security;

(e) US$ 3.2 billion (in the form of investments, soft loans, grants) over 10 years for the overhaul, rehabilitation and maintenance of transport and communications infrastructures to bring them to a level that can adequately serve intra-PTA and external trade;

(f) US$ 70 million in private investment, loans and grants essentially for exploration and development of new energy sources and uses to put energy and environmental programmes in place;

(g) US$ 20 million over 10 years to develop appropriate strategies, priorities and programmes for enhancing the role of women in PTA development;

(h) US$ 500,000 to conduct an in-depth analysis on the complementarities of the PTA economies so as to determine the suitability of national and regional structural adjustment programmes;

(i) US$ 50-80 million over a five-year period for the creation of a Technical Cooperation Revolving Fund to foster technical cooperation among member States;

(j) US$ 5.0 million over a period of five years to undertake in-depth analysis of the economic and productive structures of the LDCs with a view to making proposals on how best they can be fully integrated in the common market process; and

(k) US$ 50 million for information design, collection, analysis and dissemination.

A specific PTA project in which external assistance is urgently being sought concerns the setting up of a PTA Reserve Fund. The PTA Heads of State and Government meeting in January 1993 decided that a support facility, which should operate along the lines of a reserve fund, should be established and put in place before the end of 1994. The objectives of the proposed reserve fund will, among others, be to support the PTA Clearing House and the member countries' balance-of-payments by extending credit or guaranteeing loans from third parties; to harmonize the foreign exchange, monetary and fiscal policies of the member countries by helping to comply with the liabilities acquired within the framework of the PTA/Common Market for Eastern and Southern Africa Treaty; and, to improve the terms under which international reserves of its member countries are invested.

The Fund will perform a variety of functions which will include: (a) providing credit to member countries to facilitate settlement for transactions undertaken through the PTA Clearing House; (b) providing loans to member countries to meet their short-term needs for financing their global balance-of-payments deficits when they are losing international reserves; (c) providing loans for meeting balance-of-payments problems arising from natural disasters; (d) accepting deposits in convertible currencies both from within the region and from external sources; (e) borrowing funds (up to a specified ceiling) from both member countries and non-member countries to augment loanable funds as and when own resources prove inadequate to meet the needs of the member countries; (f) investing the balance of the funds in assets through better collective portfolio management so as to improve the yield, subject to adequate liquidity and avoidance of losses through fluctuations in exchange rates of currencies; (g) undertaking any other functions that enhance monetary cooperation among the member countries and promote closer relations among the banking community; and (h) cooperating with other similar organizations in the world.

The Third Meeting of PTA Ministers of Finance, which was preceded by the Sixth Meeting of the Committee of Central Bank Governors held in Sudan in December 1993, agreed on UAPTA 100 million (1 UAPTA = 1 SDR) as the initial capital resources of the PTA Reserve Fund. Of this amount, it was agreed that the member countries, acting through their central banks, will pay contributions amounting to a total of UAPTA 50 million. For the balance of UAPTA 50 million, it was agreed to seek assistance from the international community.

## III. SADC Programme of Action

The implementation of the SADC Programme of Action represents the physical manifestation of cooperation among member States. It is implemented with financial and technical assistance mobilized from member States and from SADC's development partners. Table 2 below lists the sectors of the Programme of Action, the number of projects in each sector, their resource requirements and the mobilization of resources for their implementation, (situation as reported in 1994).

**Table 2**

**SADC PROJECT FINANCING STATUS BY SECTORS**

| Sector | No. | Total US$M | Foreign US$M | % | Local US$M | % | Funding Secured | % | Funding under Neg. | % | Funding GAP | % |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Culture and Information | 4 | 11.55 | 11.50 | 99.57 | 0.05 | 0.43 | 2.44 | 21.13 | 0.00 | 0.00 | 9.11 | 78.87 |
| Energy | 76 | 874.80 | 842.94 | 96.36 | 31.86 | 3.64 | 648.00 | 74.07 | 0.95 | 0.11 | 225.85 | 25.82 |
| Agricultural Research and Training | 15 | 120.30 | 107.10 | 89.03 | 13.20 | 10.97 | 72.90 | 60.60 | 0.00 | 0.00 | 47.40 | 39.40 |
| Inland Fisheries, Forestry and Wildlife | 40 | 248.77 | 223.08 | 89.67 | 25.69 | 10.33 | 104.04 | 41.82 | 15.05 | 6.05 | 129.68 | 52.13 |
| Food Security | 30 | 194.21 | 153.37 | 78.97 | 40.84 | 21.03 | 71.68 | 36.91 | 1.47 | 0.76 | 121.06 | 62.33 |
| Livestock Production and Animal Disease Control | 17 | 122.91 | 73.12 | 59.49 | 49.79 | 40.51 | 82.47 | 67.10 | 21.48 | 17.48 | 18.96 | 15.43 |
| Environment and Land Management | 12 | 80.06 | 70.04 | 87.48 | 10.02 | 12.52 | 31.32 | 39.12 | 47.26 | 59.03 | 1.48 | 1.85 |
| Marine Fisheries and Resources | 6 | 132.61 | 132.55 | 99.95 | 0.06 | 0.05 | 0.15 | 0.11 | 0.00 | 0.00 | 132.46 | 99.89 |
| Industry and Trade | 13 | 11.95 | 11.53 | 96.49 | 0.42 | 3.51 | 1.82 | 15.23 | 2.66 | 22.26 | 7.47 | 62.51 |
| Human Resources Development | 22 | 52.48 | 52.48 | 100.00 | 0.00 | 0.00 | 21.22 | 40.43 | 0.00 | 0.00 | 31.26 | 59.57 |
| Mining | 29 | 20.07 | 18.51 | 92.23 | 1.56 | 7.77 | 7.12 | 35.48 | 0.00 | 0.00 | 12.95 | 64.52 |
| Tourism | 8 | 4.45 | 3.93 | 88.31 | 0.52 | 11.69 | 2.52 | 56.63 | 0.35 | 7.87 | 1.58 | 35.51 |
| Transport and Communications | 208 | 6 874.10 | 5 898.50 | 85.81 | 975.60 | 14.19 | 3 238.10 | 47.11 | 545.00 | 7.93 | 3 091.00 | 44.97 |
| **Grand Total** | **480** | **8 748.26** | **7 598.65** | **86.86** | **1 149.61** | **13.14** | **4 283.78** | **48.98** | **634.22** | **7.25** | **3 830.26** | **43.78** |

**Source: SADC Annual Report: July 1992-June 1993.**

**Notes:** (1) The column "secured" includes both local and foreign resources. (2) The column "negotiation" refers to resources for which there is a clearly identified funding source and a high probability of concluding a funding agreement within a specified period.

## IV. MRU Funding Proposal for a Workshop

The "Workshop on the Determination of Modalities and Strategies for the Reconstruction and Rehabilitation of the War Affected Areas in the MRU Subregion" is seen as an occasion for the MRU to provide sound, well reasoned leadership in the reconstruction and/or rehabilitation of areas affected by the civil war which broke out in 1989 in the subregion. The Workshop will bring together technicians and representatives of aid agencies both governmental and non-governmental to evolve parameters for the formulation of a coherent policy framework that could form the basis for viable public investment strategies and sound sectoral interventions.

The various aspects of the theme of the Workshop, for which papers will be presented, are: (a) assessment of the extent of the damage caused by the war; (b) guidelines of policy framework for the reconstruction of the economies and the resettlement of persons; (c) determination of reconstruction and rehabilitation strategies by sector, namely, productive sector (industry, agriculture, forestry, livestock, fisheries), physical infrastructure (transportation – road, sea, air – energy, communications), social infrastructure (health and medical needs, education and training, housing and welfare); (d) restoration of civil authority in the war-affected areas; (e) role of women and youth in the reconstruction, resettlement and rehabilitation of institutions and persons; (f) structures needed to ensure socio-economic and political cooperation for lasting peace and prosperity in the subregion; and (g) coordinating role of the MRU secretariat.

The cost implications of the Workshop are as follows:

1. Honoraria for preparation and presentation of 19 papers at US$ 1,000 each (total of US$ 19,000).

2. Per diem for 19 resource persons at US$ 150 each for 7 days (total of US$ 19,950).

3. Per diem for 30 Government officials from Sierra Leone and Guinea at US$ 150 each for 7 days (US$ 31,500).

4. Per diem for 10 MRU secretariat staff at US$ 150 each for 7 days (US$ 10,500).

5. Allocation for travel to and from Liberia involving:
(a) 18 representatives of external donor agencies/Governments at US$ 3,000 per round trip (total of US$ 54,000); (b) 15 Government officials from Sierra Leone at US$ 300 per round trip (US$ 4,500);

(c) 15 Government officials from Guinea at US$ 200 per round trip (US$ 3,000); (d) 10 MRU Secretariat staff at US$ 300 per round trip (US$ 3,000); (e) airport tax for 58 participants at US$ 42 each (US$ 2,436).

6. Conference facilities/services (lump sum) cost of US$ 5,000.

The subtotal costs add up to US$ 152,886. Add 5 per cent for contingencies (US$ 7,664.30), which brings the total cost to US$ 160,550.30.

Co-financing is requested from donor agencies/Governments and other development institutions to finance the cost components given above that are of interest to them.

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